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FM AMEMBASSY BRASILIA
TO RUEHC/SECSTATE WASHDC 5068
INFO RUEHSO/AMCONSUL SAO PAULO 4536
RUEHRI/AMCONSUL RIO DE JANEIRO 8182
RUEHRG/AMCONSUL RECIFE 9921
RUEATRS/DEPT OF TREASURY WASHDC
RUEHZN/ENVIRONMENT SCIENCE AND TECHNOLOGY COLLECTIVE

UNCLAS SECTION 01 OF 04 BRASILIA 001136

SENSITIVE

SIPDIS

E.O. 12958: N/A

TAGS: [SENV](#) [EFIN](#) [EAGR](#) [EAID](#) [KGHG](#) [BR](#)

SUBJECT: BRAZIL: "WE WILL HAVE AN AMBITIOUS NUMBER" FOR EMISSIONS
REDUCTION AT COPENHAGEN

REF: A) BRASILIA 1059, B) 2008 BRASILIA 1462
C) BRASILIA 1114, D) 2008 BRASILIA 750

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¶1. (SBU) SUMMARY. The Government of Brazil (GOB) will go to Copenhagen with an ambitious emissions reductions number as part of the negotiations under the UN Framework Convention on Climate Change (UNFCCC), according to the Minister of External Relations Celso Amorim. In an early September interview, President Luiz Inacio Lula da Silva emphasized that Brazil has a moral obligation to do this. At the same time, Brazil will be pressing the developed countries to make commitments for deep cuts in their emissions and to provide generous financing to developing countries. END SUMMARY

WE WILL ANNOUNCE AN EMISSIONS REDUCTION NUMBER

¶2. (SBU) Following the visits of State Department's Special Envoy for Climate Change Todd Stern (REFTEL A) and the United Kingdom's Environment Minister Ed Miliband in early August and Deputy National Security Advisor Michael Froman in June, the Government of Brazil (GOB) has visibly begun to take a more ambitious stance in the negotiations under the UN Framework Convention on Climate Change (UNFCCC). In a recent interview with Agence France-Presse (AFP) published on September 4, President Luiz Inacio Lula da Silva stated that "Brazil is ready to discuss targets and obligations. We will not be fleeing our responsibility." He said that in November Brazil will establish a target for diminishing its greenhouse gas emissions. Lula added, "We have a moral obligation to reduce the deforestation in the Amazon."

¶3. (SBU) In an August 23 program of Globo News, Minister of External Relations (MRE) Celso Amorim discussed at length Brazil's negotiating position for Copenhagen. He said, "We will have an ambitious number [for reducing greenhouse gas emissions]." Amorim expressed concern that developed countries could have used as an excuse for inaction the - until now - unwillingness of Brazil, China and India to accept emission reductions goals. "We will not hide behind any country and no country will be able to hide behind us," he declared. Amorim noted that Brazil is in a position to be more forward leaning than China and India because, unlike them, Brazil can reduce its emissions just through controlling deforestation. The others will need to reduce emissions through more difficult changes in industrial practices. While Brazil will have a number on reductions, Amorim objected to the use of the word "target," which he explained is a concept found in the Kyoto Protocol for developed countries, but is not found in the UNFCCC.

BUT OTHERS WILL NEED TO DO THEIR SHARE.

¶4. (SBU) President Lula linked goals for reducing emissions from deforestation to greater efforts by rich countries to control emission. Lula stated that, "if there isn't an obligation between targets for preserving our forests [in developing countries] and a reduction [in emissions] by the rich countries, there will be a false discussion in which only the poor will pay."

¶5. (SBU) In his AFP interview, Lula reiterated the GOB's long-standing position that there should be different standards for developed and developing countries. Poor countries cannot be subject to the same restrictions as developed countries, he underscored. Moreover, Lula highlighted GOB's "historic emissions" concept, saying that "we want each country to assume responsibility for the damage it has caused the planet." He argued that the world cannot attribute the same responsibility for emissions to China as to the United States or to Brazil as to the UK or France, since the developing countries have been emitting these greenhouse gases for a long time.

ROLE OF BRAZIL AND VIEWS ON COPENHAGEN

¶6. (SBU) Overall, Lula said he saw Brazil as being able to play the role of "constructing an agreement among the positions of Brazil, Europe, the United States in order to move forward." Amorim said Brazil appreciated the visit of Stern and Miliband, and he expected more progress to be made through the "high level" dialogue Brazil would be having with the United States. He said he expected to conclude a Memorandum of Understanding (presumably dealing with this in the high level dialogue) that would be signed in a near term visit by Secretary Clinton. Drawing on his negotiating experience in the World Trade Organization and elsewhere, Amorim joked that calls for Brazil to be a leader in the UNFCCC really were clever efforts to get concessions without others have to give anything in return. Nonetheless, he emphasized that Brazil would set an example for others with its ambitious position.

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¶7. (SBU) Amorim commented that he was optimistic about the UNFCCC process. He recognized the possibility that the U.S. Congress might not have legislation in place by the time of the Copenhagen conference. Thus, he said he could envision something modest coming out of Copenhagen then giving six months in order to have the U.S. legislation in place and finally concluding the negotiations.

GROWING PRESSURE FOR MORE AMBITIOUS STANCE

¶8. (SBU) There is increasing internal pressure for the GOB to move away from its previously defensive position towards a much more ambitious one. Most importantly, in late August former Environment Minister Marina Silva after over twenty years with Lula's Workers' Party (PT) left to join the Green Party (PV). She is expected to be their candidate for President in the 2010 elections. This political development creates pressure on Lula and his PT candidate to succeed him, Chief of Staff of the Presidency (Casa Civil) Minister Dilma Rousseff, to burnish their green credentials. Rousseff already was planning to become personally involved in the negotiations. She plans to attend the Copenhagen conference, and so will have a greater personal stake in seeing it be successful. She and Lula have been taking in information from sources other than the conservative MRE. Vice Minister Teixeira has been briefing them both, and Environment Ministry advisor and former head of the Brazilian Forest Service Tasso Azevedo has been briefing Rousseff.

¶9. (SBU) The Environment Ministry has stepped up its calls for the GOB to be more ambitious and agree to emissions reduction targets. At an August conference held by the respected Brazilian business journal Valor Economic (and quietly funded by the UK), Environment Minister Carlos Minc stated that Brazil soon would be announcing a target for reducing emissions. He spoke of the need to control the various sources of emissions (not just deforestation, currently the primary source). Minc's Environment Ministry is working on revising the National Plan on Climate Change, which was released in December 2008 before the Poznan UNFCCC conference (REFTEL B). Tasso Azevedo has said that the Environment Ministry is considering making even

deeper cuts in the rate of deforestation, possibly by 80% by 2020 compared with a baseline in the 1990s. This should be easier for the GOB to accept given the sharp reduction in the deforestation rate over last year (REFTEL C).

¶10. (SBU) While the environmental community has long been critical of the MRE's defensive posture in the Copenhagen negotiations, now key firms in the powerful private sector have come out forcefully for Brazil to modify its position in the UNFCCC to a more ambitious one. An open letter sent in late August to the GOB by 22 major Brazilian companies (including Vale and Votorantim) called on the government to take a more positive position, though it did not specifically call for an emissions reduction target. Moreover, in the Valor Economico conference, Roger Agnelli, the Chief Executive Officer of Vale (one of Brazil's largest companies) urged the GOB to take on emissions reductions targets.

¶11. (SBU) On September 2, 2009, fourteen large Brazilian organizations representing the agribusiness, forestry and bioenergy sectors announced the creation of the Brazilian Climate Alliance, to provide concrete, constructive proposals in the global climate change negotiations. Among recommendations to the GOB was that the reductions in the rate of deforestation proposed in the National Plan on Climate Change should be the object of a commitment by Brazil before the international community as a NAMA.

THE MRE STAFF PLAYING CATCH UP

¶12. (SBU) The MRE's Director of the Environment Department, recently promoted to the rank of career Ambassador Luis Figueiredo Machado, and his staff had long insisted that Brazil and other developing countries would not agree to emissions reductions targets. Now, they are having to change gears to keep up with the new approach. At the Valor Economico conference Figueiredo Machado said the GOB would have an "ambitious" position. However, he danced around the question of whether the GOB would agree to emissions reduction targets, going off instead on a detailed analysis of the legal definition of "targets." Vale CEO Agnelli jumped in, saying targets are a simple concept and Brazil needed to accept them.

¶13. (SBU) On September 2, Science Counselor spoke with key MRE staff members, Andre Odenbreit, the Director of the Environmental Policy and Sustainable Development Division, and Special Ambassador for Climate Change Sergio Serra, who also had difficulty dealing with the shifting GOB position. Initially, they were unable to say if Brazil would be willing to take on an economy-wide emissions reduction target. After some discussion, however, Serra said that maybe the GOB could accept some form of an aspirational target.

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Serra and Odenbreit spoke of the GOB announcing various non-binding Nationally Appropriate Mitigation Actions (NAMAs) for individual sectors - deforestations, transportation, energy, etc.

FINANCING AND TECHNOLOGY TRANSFER

¶14. (SBU) Odenbreit and Serra stressed that without satisfactory financing and technology transfer arrangements there would be no deal in Copenhagen. They said that while some developing countries might be able to fund mitigation efforts, most of them needed help. They said the UNFCCC's work on financing was very delayed and there were few points of consensus. Brazil liked the G-77 proposal and was interested in the Norwegian financing proposal, but these had not been adequately discussed. The GOB did not like the Mexican proposal for a Green Fund because it would have assessments for all countries, not just the rich ones; and this is contrary to the UNFCCC in their view. Technology transfer was just a variation of financing. It entailed rich countries' assistance so that developing countries could acquire more expensive, but cleaner, technologies over cheaper, dirty ones.

¶15. (SBU) Odenbreit stressed that private sector financing through offsets was not a substitute for financial assistance from the governments of rich countries. While Brazil could see a role for the private sector, he stressed that climate change is a governmental responsibility and required public financing.

ADAPTATION IS FOR OTHER COUNTRIES

¶16. (SBU) Serra commented that Brazil was not very concerned about adaptation issues since they did not see a need to do much there. He said that this was more an issue for island states and Africa, which are likely to suffer more from climate change. Out of a sense of equity with other G-77 countries, Serra stressed that the GOB wanted to see these other countries are provided financial assistance to take adaptation measures.

PRE-SALT OIL AND GAS EMISSIONS NOT THREATENING

¶17. (SBU) The GOB sees that its emissions from the oil and gas sector will likely increase substantially as it starts up production - and hopefully refining and other value added processing - of the vast oil and gas found offshore below the salt layer in the continental shelf. Nonetheless, Amorim said the figures he had seen showed that it shouldn't upset their approach. He spoke of using carbon capture and storage technology to help offset those new emissions.

OFFSETS AND REDD

¶18. (SBU) On one key issue, the GOB looks like it has changed over the last year. Now, the GOB seems to be accepting of the possibility of offsets in the forest area. The GOB's opposition to these credits has been roundly criticized by other ministries, the environmental community, and the private sector. The MRE staff told Science Counselor that they now could see a role for offsets, but only in a limited way. Amorim has said that Brazil is not against offsets, just that they can't be all the rich countries do. The MRE remains worried that the use of offsets could mean that most of the emissions reductions would be done by the developing countries, letting the developed ones off the hook. Amorim said that the GOB did not oppose Reducing Emissions from Deforestation and forest Degradation (REDD), and that in fact this was a part of the government's Sustainable Amazon Plan (REFTEL D). However, as with other offsets, Amorim did not want to see REDD be used as a tool for rich countries avoiding making real reductions in their own countries.

¶19. (SBU) This wariness about offsets seems limited to the MRE. The Environment Ministry vigorously supports them; Minister Rousseff is particularly interested in them. And in August, President Lula announced the creation of a special unit in the Presidency to handle offsets. Thus, whatever the MRE's concerns, it now seems a foregone conclusion that Brazil will back off its previous opposition to this mechanism.

¶20. (SBU) An intriguing question is how offset credits will interact with domestic goals to reduce deforestation. If other countries are providing credits to reduce emissions by avoiding deforestation, then they will plan on using those reductions in calculating their emissions levels. According to Tasso Azevedo, however, Brazil is considering also counting those reductions in emissions in its domestic calculations. Thus, reductions in deforestation and the commensurate reductions in emissions would be double counted: once by the countries providing the credits and then again by Brazil too. In effect, the GOB would be "hosting"

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emissions reductions.

COMMENT

¶21. (SBU) COMMENT. During his meeting with Froman, Figueiredo Machado said that the GOB's position hadn't changed in 18 months. After that visit and Stern's visit, the GOB's position is changing significantly and in the right direction. President Lula's and Minister Amorim's recent statements indicate that Brazil will come to Copenhagen with an ambitious economy-wide emissions reduction number. The GOB is eager to build on this summer's productive meetings and wants further high level dialogues on climate change. Given these encouraging developments, it seems that further high level discussions on climate change would be very fruitful. As Lula

has indicated, Brazil is looking to be the "bridge" between the United States, Europe and the developing world. END COMMENT.

KUBISKE